2/9/89

Consumer Confidence Survey

- Business
- Employment
- Income
- Inflation
- Interest Rates
- Stock Prices

February 1989

CONFIDENCE STRONG DESPITE SLIGHT RETREAT

The Conference Board's Consumer Confidence Index, which registered an imposing improvement in December, gave back some of the gain in January. The latest Index (1985 = 100) figure is 115.3, a loss of some four points for the month. Respondents are now less positive in their assessment of the ongoing situation, and slightly less optimistic in their expectations for the immediate future. Plans to make major purchases were also down.

In the post-Election December probe, people were exceptionally positive in their appraisal of the prevailing situation. This segment of the Index hit a 20-year high. However, in January, there was a decline in those that say business conditions are "good"—less than 29%, down from 32.5%. On the question concerning employment conditions, however, people continue to be quite positive. Now, 32.7% report that jobs are "plentiful," a moderate one-point decline from the strong previous reading.

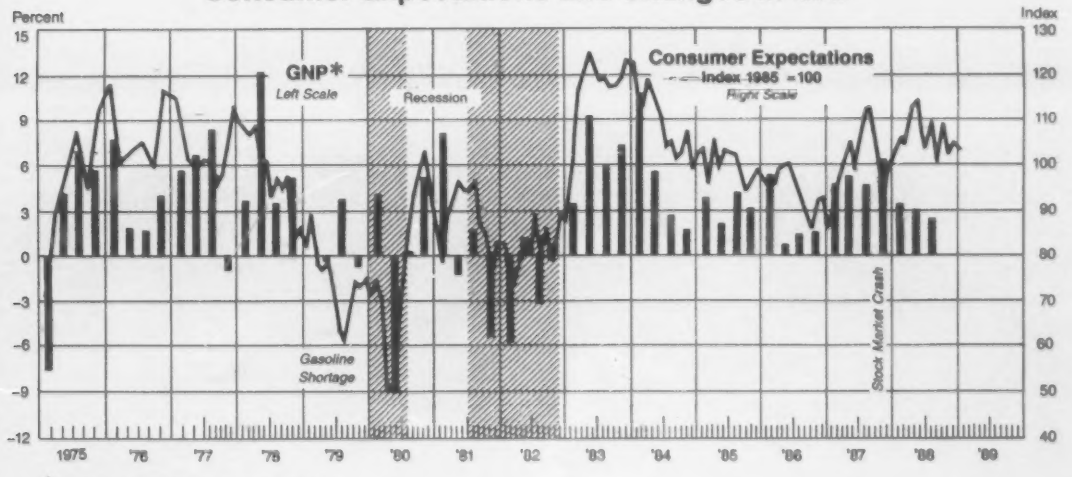
In their expectations for the months ahead, consumers continue to be cautious. Only 17.4% expect business conditions to improve over the next six months. This is down by more than two points. On employment prospects, close to 17% believe that "more jobs" will become available, about the same as in December. Also, fewer people expect their families' income to increase in the months ahead—24.6%, down from 27.8 percent.

Buying plans are down for all of the major categories included in the survey. Plans to buy an automobile within the next six months slipped to 6.8% from an earlier 7.4 percent. The present reading is also running weaker than last year at this time. Plans to buy a home have dropped quite sharply to 2.8% of all respondents—a loss of a full point—with continued concern about interest rates. Plans to acquire a major appliance are also softer.

The moderate decline in confidence in January reflects some cooling of the enthusiasm registered in December. Still, while recent readings represent some retreat, they remain comfortably strong. A sturdy proportion of people continue to be secure with the job situation. Job security is most soothing to the consumer's spirits. However, there apparently is still some apprehension about the future as the nation's prime economic problems—the two Deficits and the Savings and Loans crisis—increasingly become major issues in the public debate.

Fabian Linden

Consumer Expectations and Changes in GNP



* Quarterly changes in real GNP at annual rates.

U.S. Department of Commerce; NFO Research Inc.; The Conference Board.

Confidence and Buying Plans

Based on surveys conducted by NFO Research, Inc.
Percentage of all households = 100%

All series seasonally adjusted.	1988 Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.(r)	1989 Jan.(p)
							Business		Employment				Income
Composite Series: Index Numbers, 1985 = 100													
Consumer Confidence Index	109.9	114.9	112.7	115.7	120.2	115.7	113.5	119.7	110.7	116.9	112.9	119.4	115.3
Present Situation	121.5	129.1	124.5	120.2	129.0	126.3	128.2	135.1	126.7	128.3	129.1	140.1	133.3
Expectations	102.2	105.5	104.9	112.8	114.4	108.6	103.7	109.4	100.1	109.3	102.0	105.6	103.3
Appraisal of Present Situation: Percent													
Business Conditions													
Good	26.4	29.6	29.1	28.3	31.6	27.4	28.4	32.2	28.2	28.3	30.2	32.5	28.8
Bad	18.3	18.9	18.8	20.9	18.4	19.7	19.1	17.2	19.2	17.1	17.6	15.5	18.0
Normal	55.3	51.5	52.1	50.8	50.0	52.9	52.5	50.6	52.6	54.6	52.2	52.0	53.2
Employment													
Jobs plentiful	29.5	31.4	28.9	27.8	30.8	31.1	31.3	32.3	29.9	29.8	29.9	33.7	32.7
Jobs not so plentiful	44.8	45.9	47.0	48.1	45.4	46.1	46.2	46.0	47.7	47.2	47.1	45.5	46.1
Jobs hard to get	25.7	22.9	24.1	24.1	23.8	22.8	22.5	21.7	22.4	23.0	23.0	20.8	21.2
Expectations for Six Months Hence: Percent													
Business Conditions													
Better	18.7	19.7	20.2	20.9	22.0	20.4	19.7	21.4	18.3	21.1	18.6	19.6	17.4
Worse	8.0	7.9	7.6	6.4	5.3	6.7	9.6	7.3	9.8	7.0	8.4	7.5	7.8
Same	73.3	72.4	72.2	72.7	72.7	72.9	70.7	71.3	71.9	71.9	73.0	72.9	74.8
Employment													
More jobs	16.2	16.7	15.8	18.2	19.0	18.3	17.7	19.0	17.2	18.6	15.9	17.2	16.9
Fewer jobs	15.6	14.4	14.0	11.9	12.6	13.8	15.0	13.6	15.4	13.2	14.7	14.4	14.4
Same	68.2	68.9	70.2	69.9	68.4	67.9	67.3	67.4	67.4	68.2	69.4	68.4	68.7
Income													
Increase	26.2	30.6	28.5	29.4	29.0	26.3	28.0	27.4	24.8	26.8	27.3	27.8	24.6
Decrease	6.3	6.5	6.7	6.0	6.0	6.4	6.2	6.3	6.9	6.9	6.9	6.7	6.3
Same	67.5	62.9	64.8	64.6	65.0	67.3	65.8	66.3	68.3	66.3	65.8	65.5	69.1
Plans to Buy Within Six Months: Percent													
Automobile													
Yes	7.5	9.6	9.4	9.1	9.4	8.9	8.9	7.5	7.8	7.3	7.3	7.4	6.8
New	3.7	4.7	5.3	5.5	4.9	5.0	4.6	4.2	4.1	3.7	3.4	3.3	3.4
Used	3.0	3.5	3.3	3.1	3.3	3.4	3.4	2.8	2.7	2.7	3.0	3.3	2.5
Uncertain	0.8	1.4	0.8	0.5	1.2	0.5	0.9	0.5	1.0	0.9	0.9	0.8	0.9
Home													
Yes	3.8	5.0	4.7	3.5	3.3	4.0	3.5	4.2	3.3	3.7	3.1	3.8	2.8
New	1.3	1.6	1.7	1.1	1.1	0.9	1.1	1.3	1.1	1.0	1.0	0.9	0.6
Lived in	1.7	2.1	2.1	1.7	1.3	2.1	1.5	2.0	1.5	1.6	1.5	1.9	1.2
Uncertain	0.8	1.3	0.9	0.7	0.9	1.0	0.9	0.9	0.7	1.1	0.6	1.0	1.0
Major appliances													
Total plans	29.4	36.0	34.0	35.0	35.8	30.3	30.1	34.3	30.3	26.5	27.9	28.9	27.1
Refrigerator	5.0	5.8	5.4	5.3	5.9	4.7	4.5	5.0	4.5	3.6	4.1	4.3	5.3
Washing machine	4.1	5.4	4.4	5.3	5.1	3.9	4.7	4.5	3.9	4.1	3.0	3.7	3.5
TV Set	6.7	8.2	8.5	7.9	8.6	7.5	6.1	8.0	7.2	6.4	6.5	7.5	5.6
Vacuum Cleaner	4.6	5.9	5.9	5.6	6.0	4.9	5.2	6.1	5.7	3.8	4.8	4.7	4.3
Range	3.1	3.5	3.2	3.9	3.1	3.1	3.2	2.7	2.8	3.1	2.7	2.8	2.9
Clothes dryer	3.7	4.2	4.2	4.4	4.9	3.8	3.8	4.3	3.4	3.2	3.2	3.3	2.9
Air conditioner	2.2	3.0	2.4	2.6	2.2	2.4	2.6	3.7	2.8	2.3	3.6	2.6	2.6
Carpet	8.3	8.3	9.5	6.2	8.7	7.6	7.1	7.7	8.2	6.2	6.6	6.6	6.6
Vacation Intended Within Six Months: Percent*													
Vacation Intended		51.2		49.7		48.5		51.6		49.1		48.5	
Destination													
U.S.		44.3		42.8		41.7		43.5		41.6		41.1	
Foreign country		8.9		9.3		9.3		10.1		8.7		8.8	
Means of travel													
Automobile		29.8		29.8		27.9		29.6		28.2		27.0	
Airplane		19.9		19.1		20.8		21.0		18.4		19.0	
Other		5.0		4.4		4.5		4.0		3.5		4.4	

(p)—preliminary (r)—revised

ATTENTION DATA USERS: Data in this publication are available online. For information, phone (212) 759-0900 Ext. 216.

Inflation Interest Rates Stock Prices

Not seasonally adjusted	1988 Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.(r)	1989 Jan.(p)
Expectations for Twelve Months Hence: Percent													
Inflation Rate													
Average	4.3	4.3	4.3	4.4	4.4	4.4	5.0	4.9	4.8	4.8	4.7	4.7	4.6
Interest Rates													
Higher	58.9	49.9	58.9	58.0	66.5	71.5	74.9	74.9	75.2	71.8	65.1	78.2	74.2
Same	24.9	25.7	27.6	27.6	23.6	20.0	22.1	16.2	17.0	18.6	23.1	14.4	17.8
Lower	16.2	24.4	13.5	14.4	9.9	8.5	10.6	8.9	7.8	9.6	11.8	7.4	8.0
Stock Prices													
Increase	36.0	36.6	46.9	38.7	39.3	39.8	40.3	39.2	38.5	40.6	39.3	39.7	42.5
Same	31.0	33.6	34.6	33.6	34.3	35.8	34.8	33.0	34.8	35.0	36.0	33.3	34.5
Decrease	33.0	29.8	18.4	27.7	26.4	24.4	24.9	27.8	26.7	24.4	24.7	27.0	23.0

CONSUMER CONFIDENCE BY REGION

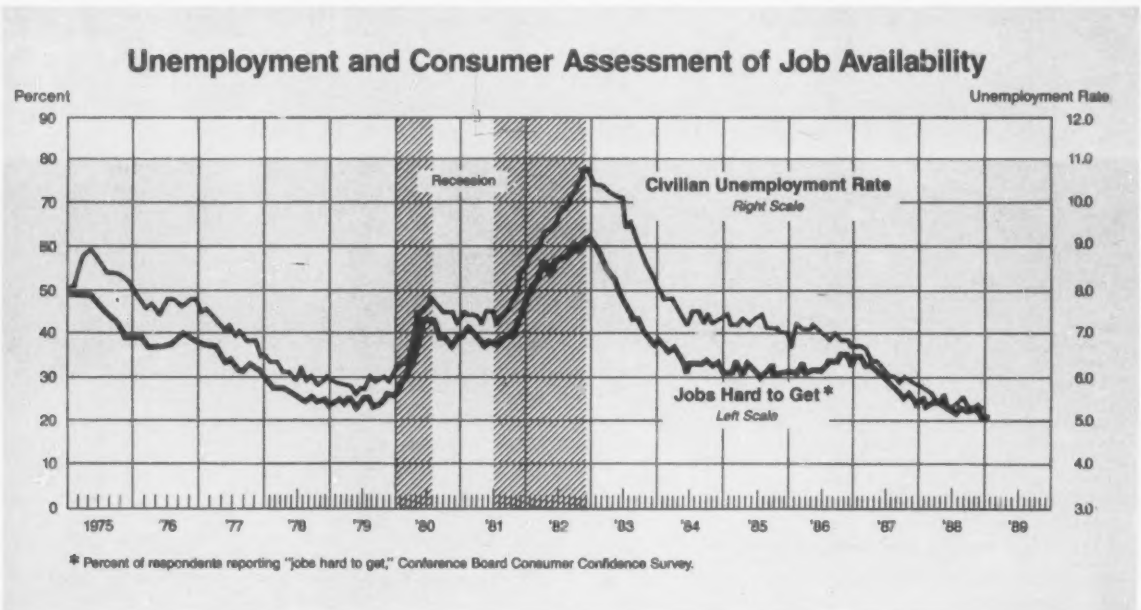
Seasonally unadjusted Index numbers: 1985 = 100	1988 Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.(r)	1989 Jan.(p)	AVERAGE: Nov, Dec. Jan. 1988	1989	Percent Change*
NEW ENGLAND																
Consumer Confidence Index	153.6	155.0	152.4	159.2	153.9	149.8	153.9	150.0	139.7	150.9	144.1	140.7	136.3	147.8	140.4	- 5.0
Present Situation	199.2	202.4	200.0	203.7	203.0	207.0	199.5	205.4	204.9	201.3	198.0	205.6	190.2	201.5	197.9	- 1.8
Expectations	123.2	123.4	120.6	129.6	121.2	111.7	123.6	113.0	96.2	117.3	108.2	97.5	100.4	112.1	102.0	- 8.9
MIDDLE ATLANTIC																
Consumer Confidence Index	114.5	114.8	122.0	123.6	125.5	121.8	120.8	125.6	122.6	126.3	113.7	124.9	120.9	108.3	119.8	10.7
Present Situation	142.4	136.2	143.9	142.9	142.9	152.6	145.8	157.2	153.4	148.7	143.2	164.0	146.1	135.7	151.1	11.3
Expectations	95.9	100.5	107.4	110.7	108.1	101.3	104.1	104.6	102.1	111.3	94.1	98.8	104.1	90.0	99.0	10.1
EAST NORTH CENTRAL																
Consumer Confidence Index	97.0	97.0	95.3	104.0	108.7	102.3	95.5	104.1	99.8	115.0	117.6	112.9	116.7	91.0	115.8	27.3
Present Situation	103.4	99.2	91.3	102.8	107.7	111.0	116.5	125.7	121.9	129.7	145.1	139.2	132.1	99.7	138.8	39.2
Expectations	92.8	95.6	97.9	104.7	109.4	96.6	81.5	89.8	85.0	105.2	99.3	95.5	106.5	85.2	100.4	17.9
WEST NORTH CENTRAL																
Consumer Confidence Index	89.6	98.2	87.6	99.1	88.4	91.4	76.0	70.7	86.3	97.5	88.6	93.4	96.1	78.3	92.7	18.4
Present Situation	77.8	84.8	69.4	82.9	93.8	97.6	91.3	74.6	96.6	99.4	97.4	103.9	100.1	76.6	100.5	31.1
Expectations	97.5	107.2	99.7	109.9	84.9	87.3	65.9	68.0	79.5	96.3	82.8	86.4	93.5	79.4	87.5	10.3
SOUTH ATLANTIC																
Consumer Confidence Index	133.9	137.7	136.7	138.7	142.2	138.2	138.6	141.2	138.0	142.4	139.1	133.5	131.0	132.1	134.5	1.8
Present Situation	161.7	163.2	165.3	161.9	168.9	163.8	168.6	172.8	170.2	175.3	170.6	175.4	169.1	165.0	171.7	4.0
Expectations	115.4	120.7	117.6	123.3	124.5	121.2	118.6	120.2	116.6	120.5	118.2	105.6	105.6	110.2	109.8	- 0.4
EAST SOUTH CENTRAL																
Consumer Confidence Index	98.6	114.9	109.8	96.8	115.0	97.1	84.4	105.9	102.3	108.7	102.1	94.3	108.2	96.5	101.5	5.2
Present Situation	82.0	103.5	94.0	79.1	97.9	93.4	74.6	100.3	99.2	99.2	102.1	104.9	95.3	87.7	100.7	14.9
Expectations	109.8	122.5	120.4	108.7	126.5	99.6	91.0	109.7	104.4	115.1	102.2	87.2	116.8	102.4	102.1	- 0.4
WEST SOUTH CENTRAL																
Consumer Confidence Index	74.9	81.7	69.7	75.3	77.9	78.5	80.5	80.1	74.8	83.8	67.3	79.7	83.7	71.2	76.9	8.0
Present Situation	26.5	33.0	20.1	22.6	34.6	30.8	30.1	31.0	29.3	42.4	27.4	34.5	31.1	27.5	31.0	12.5
Expectations	107.2	114.3	102.8	110.4	106.8	110.3	114.1	112.9	105.2	111.4	94.0	109.9	118.8	100.3	107.5	7.2
MOUNTAIN																
Consumer Confidence Index	84.5	92.4	94.6	87.5	94.4	85.4	80.3	92.8	76.9	92.4	91.8	106.1	72.5	82.2	90.1	9.7
Present Situation	54.4	66.6	77.8	57.5	79.2	69.2	61.9	77.0	70.0	81.1	66.5	90.9	48.5	66.0	68.6	4.0
Expectations	104.5	93.0	105.8	107.6	104.6	96.2	92.7	103.4	81.6	100.0	108.6	116.3	88.5	93.0	104.5	12.3
PACIFIC																
Consumer Confidence Index	125.2	135.2	125.2	121.1	125.5	127.0	126.7	134.0	124.6	127.7	133.7	133.7	127.3	124.0	131.5	6.1
Present Situation	140.0	157.3	150.7	135.2	149.1	153.9	161.5	161.7	160.1	156.9	169.4	170.7	155.6	146.8	165.2	12.6
Expectations	115.4	120.4	108.3	111.7	109.7	109.1	103.5	115.5	100.9	108.3	109.9	109.0	108.4	108.8	109.1	0.3

***Percent Change: average of last three months shown as compared with same period year ago. Regional data are not adjusted for seasonal variations.**

CONSUMER CONFIDENCE BY AGE AND INCOME CLASS

Seasonally adjusted index numbers 1985 = 100	1988 Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec (r)	1989 Jan (p)	3 mos. Percent. Change*
TOTAL U.S.														
Consumer Confidence Index	109.9	114.9	112.7	115.7	120.2	115.7	113.5	119.7	110.7	116.9	112.9	119.3	115.3	0.1
Present Situation	121.5	129.1	124.5	120.2	129.0	126.3	128.2	135.1	126.7	128.3	129.1	140.1	133.3	3.2
Expectations	102.2	105.5	104.9	112.8	114.4	108.6	103.7	109.4	100.1	109.3	102.0	105.6	103.3	- 2.5
AGE OF HOUSEHOLD HEAD														
Consumer Confidence Index														
Under 35	116.5	124.4	118.6	120.4	123.1	121.5	121.2	128.5	121.0	117.8	117.0	124.6	119.8	- 1.6
35-54	111.1	113.6	117.1	119.5	121.8	118.7	116.4	119.5	111.4	118.2	114.3	120.5	115.7	0.4
55 and over	99.1	104.6	98.7	104.4	113.8	104.7	102.2	110.4	99.1	112.4	106.2	112.8	109.1	1.9
Present Situation														
Under 35	126.5	137.8	128.0	127.1	129.9	130.1	134.5	147.0	138.2	125.9	128.9	143.5	133.5	- 1.3
35-54	122.5	128.4	131.9	124.5	130.3	129.9	130.5	133.8	127.2	128.2	130.8	143.5	133.0	4.7
55 and over	116.1	122.7	113.8	110.7	127.2	120.0	122.0	129.1	118.3	129.8	127.6	134.5	133.4	4.8
Expectations														
Under 35	109.7	115.4	112.3	116.0	118.7	115.7	112.4	116.1	109.7	112.5	109.0	112.3	110.4	- 1.9
35-54	103.6	103.9	107.4	116.4	116.2	111.2	107.0	109.9	100.8	111.6	103.3	105.3	104.2	- 3.0
55 and over	88.1	93.0	88.9	100.3	104.9	94.3	88.9	97.8	86.2	100.6	91.8	98.4	93.2	- 0.4
HOUSEHOLD INCOME														
Consumer Confidence Index														
Under $15,000	85.1	89.0	83.7	89.8	94.1	88.4	82.1	88.1	87.7	91.8	87.8	92.5	93.2	2.2
$15,000-24,999	106.0	116.7	107.6	109.8	112.8	102.7	104.8	115.3	102.2	108.5	115.2	115.9	105.3	3.2
$25,000 and over	122.7	126.8	127.5	129.7	135.4	132.0	130.9	135.3	123.7	131.9	124.2	131.7	129.0	- 1.5
Present Situation														
Under $15,000	74.7	80.1	74.8	78.8	88.5	83.2	83.3	84.0	89.6	89.9	91.7	95.0	90.8	5.3
$15,000-24,999	111.6	124.2	110.7	103.9	116.7	109.0	114.7	121.6	114.6	116.8	123.0	133.2	108.4	3.3
$25,000 and over	148.5	156.2	152.6	145.5	153.5	152.1	154.2	162.7	148.2	151.5	149.0	161.8	162.1	2.3
Expectations														
Under $15,000	91.3	93.7	88.7	97.0	97.9	92.1	81.5	91.0	86.8	93.3	85.2	91.3	94.2	- 0.1
$15,000-24,999	102.1	111.3	105.2	113.7	110.3	98.6	98.3	111.2	94.1	103.1	110.0	104.7	102.7	2.9
$25,000 and over	106.1	108.2	111.4	119.4	123.4	118.5	115.3	116.8	107.2	118.6	107.4	111.5	107.4	- 4.8

*Percent Change: average of last three months shown as compared with preceding three months. Age and income data have been adjusted for seasonal variations.



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